

EXHIBIT C

In Re: City of Detroit, Debtor

Treasurer Andrew Dillon

October 10, 2013

Moretti Group

471 W. South Street

Suite 41B

Kalamazoo, MI 49007

800-536-0804



Original File 101013AD.TXT

Min-U-Script® with Word Index

Page 33	Page 35
<p>1 those concerns?</p> <p>2 A. That's how we've set it up.</p> <p>3 Q. And are you saying that in the case of Detroit, city</p> <p>4 government did not fulfill those needs?</p> <p>5 A. I think we've found there are circumstances where</p> <p>6 local units have been unable to provide essential</p> <p>7 services or gotten themselves too far into debt that</p> <p>8 it becomes very difficult to navigate out of.</p> <p>9 Q. What was your understanding of the repeal of PA 4?</p> <p>10 How did that operate practically? Did that mean,</p> <p>11 based on your understanding, that there was no</p> <p>12 emergency manager law as of the date of that repeal?</p> <p>13 A. My memory is the Attorney General told us that upon</p> <p>14 the repeal of PA 4, PA 72 was the law that we should</p> <p>15 follow.</p> <p>16 Q. And but didn't -- wasn't that opinion struck down by</p> <p>17 the Supreme Court of the State of Michigan?</p> <p>18 A. I don't recall that.</p> <p>19 Q. Okay. Was that opinion challenged in court?</p> <p>20 A. It may have been. I don't recall.</p> <p>21 Q. And you don't know what the result of that legal</p> <p>22 challenge was?</p> <p>23 A. I don't ever remember that PA 72 was not a law that</p> <p>24 we at Treasury were supposed to rely upon during</p> <p>25 these windows where PA 4 was repealed and before</p>	<p>1 get out sooner. That would be something we learned</p> <p>2 during, you know, using or relying on Public Act 4.</p> <p>3 We also looked at, you know, various</p> <p>4 criticisms and we tried to put more local</p> <p>5 involvement into Public Act 436. So, for example,</p> <p>6 you'll see if the locals don't like a decision, a</p> <p>7 material decision being made by a manager, they're</p> <p>8 given a chance to come up with a better idea. And</p> <p>9 there's various ingredients like that that we added</p> <p>10 to address some of the criticisms of PA 4.</p> <p>11 Q. So in enacting PA 436 after the repeal of PA 4, it</p> <p>12 was not your view that the Legislature and the</p> <p>13 Governor were going against the will of the voters?</p> <p>14 A. I think we tried to accommodate the criticisms we</p> <p>15 heard during the campaign.</p> <p>16 Q. Well, the voters didn't -- they didn't like the EM</p> <p>17 law. They thought it was a dictatorship, they</p> <p>18 thought it was undemocratic.</p> <p>19 How specifically did 436 address the</p> <p>20 concern of, you know, the EM law being a</p> <p>21 dictatorship?</p> <p>22 A. Well, for example, one of the changes were, you</p> <p>23 know, it wasn't just right to emergency. We had a</p> <p>24 path for a consent agreement, we had a path for</p> <p>25 emergency, we had a path for a restructuring, and</p>
Page 34	Page 36
<p>1 PA 436 took effect.</p> <p>2 Q. All right. So let's turn to PA 436 real quick.</p> <p>3 Why was PA 436 implemented if PA 72 was in</p> <p>4 effect?</p> <p>5 A. Because the same reason we put PA 4 in place. We</p> <p>6 thought PA 72 could be improved upon. So after the</p> <p>7 election there's a few meetings where we really did</p> <p>8 gather what were the criticisms of PA 4 and looked</p> <p>9 to see if we could improve PA 4 to make it address</p> <p>10 those concerns.</p> <p>11 And then as we had worked with PA 4 for a</p> <p>12 period of time, we identified some areas that we</p> <p>13 would want to seek improvement, and I'll give you</p> <p>14 one example. Often times we would want to give the</p> <p>15 reigns, the power back to the local electeds, and in</p> <p>16 order to do that under Public Act 4 you'd have to</p> <p>17 end the emergency. And we were uncomfortable about</p> <p>18 that because we were prepared to give -- return the</p> <p>19 power before we were a hundred percent certain that</p> <p>20 the financial emergency was over.</p> <p>21 So if you see in 436 what we did was we put</p> <p>22 in place something called a Transition Advisory</p> <p>23 Board, and that allows us to transfer power back to</p> <p>24 the Mayor and the City Councils without having to</p> <p>25 terminate the emergency status, so it allows us to</p>	<p>1 then the fourth option was an actual Chapter 9 in</p> <p>2 case someone was really out of cash.</p> <p>3 So we tried to create options for the local</p> <p>4 units and we tried to give them a chance to come up</p> <p>5 with better ideas if they didn't like the plans of</p> <p>6 the manager. From the meetings I sat in, I think</p> <p>7 there was a sincere effort to address that. And,</p> <p>8 you know, my memory was that the vote on PA 4 was</p> <p>9 not a landslide. It was actually -- there was not</p> <p>10 anyone advocating for the protection of PA 4, and</p> <p>11 the vote was pretty close.</p> <p>12 If -- it wasn't one of six ballot measures</p> <p>13 and the only one -- I think it was the only one that</p> <p>14 you wanted a vote the other way. I forget whether</p> <p>15 it was yes or no kept the law, but it was the only</p> <p>16 one where I think you had to vote yes to keep it and</p> <p>17 all the other ones, you know, required a no vote.</p> <p>18 So it was a pretty close vote without one</p> <p>19 advocate out there saying why this law makes sense.</p> <p>20 And in my experience, I don't know that a lot of</p> <p>21 people spent a lot of time really reading through PA</p> <p>22 4 and why it was necessary.</p> <p>23 Q. Did any of the changes between PA 4 and PA 436 deal</p> <p>24 specifically with the ability of the emergency</p> <p>25 manager to file bankruptcy?</p>